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MILITARY INTELLIGENCE SECTION, GENERAL STAFF

CIVIL INTELLIGENCE SECTION

SPECIAL REPORT

SAIONJI-HARADA MEMOIRS

PART XI

"SHADOWS OF COMING EVENTS"

(31 Oct 1936 - 19 Jan 1937)
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Major, Field Artillery
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Saionji - Harada Memoirs

Chapter 218
(31 October 1936)

A Headless Army

Translated by Lieut. Mario Morihara

On the 16th the Chief of the Gendarmerie came and related the desires of the Army regarding the renovation of government. I said: "What is meant by the renovation of government anyway? Speaking in concrete terms, what the Army is considering now approximates communist ideology." I kept on talking, and the commander of the Gendarmerie said: "Actually I am very worried although I cannot voice my opinions too loudly. I had a heated argument with the department heads of the War Ministry whose ideas are almost like those of state socialism. It is very regrettable." He was almost in complete agreement with me.

At noon of that day, Vice-Minister AOKI of the Manchurian Affairs Bureau who had toured Manchukuo and North China, came to my place. As we lunched together, he talked of his experiences there. He said: "In general, the Manchurian Railways have become well coordinated. Manchukuo has shown very fine material development but the Army is very high-handed. A few Army men are becoming increasingly unpopular, and if the present situation of the Army continues, the government officials from Japan, and of course Japan and Manchukuo, will never get on to friendly terms. I thought that something should be done about it, so I went to War Minister TERAUCHI's place this morning for two hours. As President of the Manchurian Affairs Bureau, I reported on various details and warned the Army. I said to War Minister TERAUCHI: 'I do not criticize the Army to out-

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siders. However I will tell you of all my observations and will make frank criticisms, so please bear that in mind.' War Minister TERAUCHI understood my point."

I visited Count KODAMA at noon and talked of subjects relating to the War Minister. I also related my fears concerning the political situation, and returned after that.

On the 17th I went to O'kitsu and reported to the Prince on events up to the present. We talked of the future of the Army, and the Prince said: "If the centre of the Army only amounted to something, it would be very convenient." He continued: "Today, concerning the problem of where the nuclear strength of the Army is located, there seem to be various medium powers in various places ; it seems that the central power of the whole Army is almost completely lacking."

Then the Prince said: "Formerly, when former Premier SAITO came, the subject of the Army came up and when I inquired where the core of the Army was, he had already said at that time: 'There is no core and we are in great trouble.' Premier SAITO said: 'If there were only a central figure, we would be able to do something; the situation is extremely regrettable.' I mentioned the so-called seven-men group of Field Marshal YAMAGATA, and he replied: 'Oh - was there such a thing?'"

On the 22nd I visited the Premier. The Premier said: "I invited the Ministers of the Army and Navy and talked to them concerning the reformation of the administrative system. I told them: 'We plan to form two groups of cabinet members and have them investigate problems involved in reform of the administrative system.'

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I would like to bring about immediately the coordination of the Trade Bureau, Aeronautics Bureau, Fuel Bureau, and Health and Sanitation organs, which can be incorporated into the budget. Of course the Army and Navy Ministers were in agreement. Concerning the joint prevention of communism, China will be in a difficult position if she considers this in the light of the international situation. Therefore if Japan thinks that she can solve this by coercion only, she is mistaken. Concerning the North China problem, the Army is saying: 'The intervention of the Nanking Government is unnecessary because the decision has already been made by the three-ministry conference.' The Navy is arguing: 'If the North China problem is abandoned, the whole problem will be solved. Therefore the North China problem must be abandoned.' At any rate, Consul General SUMA is on his way back to Japan so I plan to wait for his return, and to talk to him at leisure.

In Great Britain Neville CHAMBERLAIN is insistently telling Ambassador YOSHIDA: 'There will be absolutely no dealings with China from which Japan is excluded.' The temporary signing with Germany will probably be made on the 23rd, which is tomorrow. The Netherlands East Indies is also endeavoring to put up a coordinated defense against communism.

"Concerning the opening of the Diet, there are various opinions, some advocating September and some desiring November, but the Government plans to accept the decisions of the investigation committee which it regards as best. Concerning the replenishment of the Privy Council, I have continued talks with the President

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of the Privy Council. At first, the President of the Privy Council suggested various people like INOUYE, Michiyasu and MOTODA, Kumataro, but the Government did not accept them. Now they are saying: "The general situation has changed, so we would like to elect some members from the financial world. How about IKEDA, Seihin?" I believe that IKEDA is very appropriate but how does the Prince feel about it?" The Premier continued: "The other person is TANAKA, Ryuzo, who was elected beforehand."

On the 23rd I went to the Prince's residence to extend my greetings also on his 88th birthday. I told him about the Premier and the Councillors, but the Prince did not seem to have any objections.

On the 28th, I met the Premier before he departed for the Naval Review. The Premier said: "The reading of the indictment has been completed on KITA and NISHIMURA. It is also very necessary to protect War Minister TERAUCHI. There are some movements to prevent further renovation of the Army by having War Minister TERAUCHI resign; this idea coincides with the object of Cabinet dissolution. Concerning the Railway Ministry scandal, there are fears that it might also involve the political parties through such men as SHIMADA and TANOMOGI, besides the former Minister."

I then met the Foreign Minister, and he said: "We plan to settle the problem with China gradually. I think that something can be done about the defense against communism. The North China problem is quite difficult. I met President MATSUOKA and found that his contentions were extremely moderate. Concerning the exchange of

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information upon Soviet Russia, the Dutch are insisting that they would like to cooperate too, so an anti-communist pact with the Netherlands may be possible.

I believe that relations with Britain will go smoothly but there are many incidents which injure the feelings of the English people and the negotiations are difficult."

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Chapter 219
(4 November 1936)

Teruchi and Taxes

Translated by Lieut. Morio Morihara

I went to Oiso on the 30th for purposes of rest.

On the evening of the 1st, War Minister TERAUCHI called me by telephone and said he'd drop in because he was on his way to Tokyo from his villa. We talked at our leisure from 6:30 to about 8:00 o'clock. The Prince had said: "If the February 26 Incident is not taken care of as quickly as possible, a feeling of unrest will continue. I think there is a need to quiet things down as soon as possible," so I told this to the War Minister.

The War Minister said: "The inquiry into the February 26th Incident was delayed, the reason being that an epidemic struck the families of the judges. As a result the inquiry could not be carried out as scheduled. However we plan to do something by December. A second renovation of the Army is absolutely necessary. The Prosecutor's address concerning KITA and NISHIDA was completed the other day, but their composure was admirable. When the judge asked: 'Is there anything you desire to say?' they replied: 'There is nothing. We would like to apologize to the young men for leading them into this predicament. Whatever may be our fate, we do not regret it.' Compared to this, MAZAKI's case was absolutely disgraceful when we consider his position. It is outrageous to see both ARAKI and HONJO working for the acquittal of MAZAKI." The War Minister was infuriated at this. TERAUCHI went on: "Concerning the China problem,

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the War, Navy and Foreign Ministries have already reached an agreement, so all we have to do is to carry it out. The attitude of the Kwangsung Army is very unsatisfactory. In the end we will have to make radical changes in the Staff. I believe that it will also be necessary to change the Chief of Staff. It would be well to have a civil official as the successor to the Grand Chamberlain." TERAUCHI's desire evidently arose from the fact that under the present system he could not fully manipulate the office of the Aide-de-Camp to His Majesty.

I then cautioned the War Minister about the relations between the chief of the Gendarmerie and SHIGA, who often visited KONOYE at his place. Then the story of the Cabinet Investigation Committee was brought up, and the War Minister said: "I'd like to have Chief YOSHIDA resign and go abroad. I would like to appoint HIROAO to that post as a minister without portfolio."

War Minister TERAUCHI continued: "There is absolutely no barrier between the Army and the Cabinet. The newspapers are attempting to alienate the Army from the Government, and the other day I gave them an interview in the train, saying: 'We are in complete accord with the Administration.' As a result Premier HIROTA came to me and said: 'Instead of leading, I plan to proceed as Premier by controlling the Cabinet members.' If that is the case we will have to hunt for a Cabinet member that can lead us. Then we must accomplish the reformation of the administrative system. I think that HIROAO is the appropriate man for that. If it's he, I can talk to him very easily."

It seemed as if TERAUCHI's request concerning Premier

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HIROTA has carried considerable weight. I turned to the War Minister and said: "You must be very careful because there are some groups that are working for the prevention of your second renovation of the Army, rather than working for the downfall of the Cabinet, by alienating the Government from the Army." I also said: "If the Cabinet should be replaced at this time, it would be exceedingly difficult to form a new cabinet. In the final analysis, it is my opinion that it is necessary for this Cabinet to work form a new cabinet. In the final analysis, it is my opinion that it is necessary for this Cabinet to work to the fullest extent and to continue as long as possible. Because of the strong criticisms hurled at the zaibatsu and the capitalists, the Government imposed high income tax rates. However, if heavy taxes are imposed on a country like Japan, whose national income is so small, there will be no resiliency, and it will only bring about the decay of national strength. I don't think there is any need to imitate communistic methods. In the first place, the Army is advocating protection of the national Constitution, and clarification of the national spirit. As far as the national Constitution goes, to esteem a country which has the Emperor as the head of the family - to respect the family system - is to appreciate Japanese history. If we are going to thoroughly enforce this family system, it is a gross contradiction to establish a tax system which destroys the spirit of loyalty, and make it so that in the third and fourth generations even the rich people will become penniless. For instance they have imposed an extreme tax rate in which people

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with an income of 10,000,000 yen will be forced to pay 7,000,000 yen in taxes. Considering the total income of Japan, there are only three or four persons who have an income of over 1,000,000 yen. In England, people with incomes of over 10,000,000 yen number two or three hundred. The total strength of these two countries differs to this extent. It may be necessary to impose heavy taxes after reaching or passing a certain income bracket, but to apply pressure in the embryo stages and to destroy the country's resiliency is very disadvantageous for the future development of the country. The Army is constantly clamoring for the perfection of national defense. I believe that perfection of national defense can be attained only after the replenishment of the nation's riches. We must consider these matters fully, and in imitating communistic methods by being influenced by state socialistic ideology, we must give full consideration to how it will affect the future of Japan."

The War Minister said: "I met men such as NOMURA, Tokaji in Osaka. According to NOMURA's story, half of his earnings are taken in taxes." In reply to the War Minister, I said: "The feelings of NOMURA, who succeeded in stocks, and those of honest enterprisers who built up their earnings by gradual and systematic endeavor are considerably different. You must consider this aspect."

I further stated: "The Army is insisting that the Imperial Order to form the next cabinet should naturally fall on KONOYE. It also claims that it is necessary to have KONOYE appear as Premier. This is the natural result because men like SHIGA are suggesting KONOYE to

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the Chief of the Gendarmerie. There are also similar suggestions from various other quarters, but KONOYE absolutely does not want to appear as Premier. This is not necessarily wilfulness on the part of KONOYE. He is saying: 'First of all my health will not permit me to shoulder the burden, and in today's situation it will be for the country's disadvantage for me to form a cabinet.' He is greatly worried. That is why KONOYE himself says he absolutely does not want to have the job. He also considers that it is not the proper time for him to appear. KONOYE said to me: 'I wish that you would arrange it so that I will not receive an Imperial Order as before.'"

Concerning UGAKI, former Governor-General of Korea, War Minister TERAUCHI said: "He should clarify his position. It would be all the more unsatisfactory if he should take a silent waiting policy. He will be forgotten. He should plainly and boldly say: 'Today I am concerned about the future of the country. Therefore I wish to save the country by these acts and policies.'"

Our conversation returned to its original topic, and we talked of financial problems and the tax system. "Instead of exerting heavy pressure, if we increase the earnings of the salaried class the amount of income tax revenue will rise which, as I have said before, will increase purchasing power. The effect will be felt in industry, and the living conditions of government employees will be stabilized. The reason for the general rise of salaries is that if the government employees get a raise the capitalists will also raise their pay rates. They will be paying the income tax indirectly. The Army

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should stand out strongly and have the Government carry this out. You who are the War Minister, are the son of Count TERAUCHI. Although I do not actually know this I believe that the public will surely refrain from saying that you are doing this for personal monetary gain. Even if it doesn't, the result will be satisfactory. Therefore how about doing it from your side?" said I.

The War Minister replied: "No. I have mentioned it frequently in the Cabinet conferences. The Minister of Finance always says: 'If it affects the Government and municipal officials we will be in greater trouble' and does not easily approve."

We parted after that.

I said to the Chief Secretary to the Lord Keeper of the Privy Seal, MATSUOKA, the other day: "Please relay the talk I had with the Minister of the Imperial Household concerning a new Grand Chamberlain to the Lord Keeper of the Privy Seal." I told him of Chief of the Yokosuka Naval Base YONAI, who is a suitable person. I said: "I believe that Admiral NOMURA is appropriate both in character and experience. However, he has only one eye and in case of an incident he may become the target of criticism. Not only that, people will accuse him of advocating the London Treaty and may make various criticisms, such as: 'The Genro and officials close to the Emperor are always recommending men who are convenient for them.' At any rate, today, when we are endeavoring to stabilize the general situation, it is not good to give incentives for retrogression. In this sense it is my belief that it is appropriate to appoint a man who predominates both in name and character, and

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who has a bright future." I had the Chief Secretary to
the Lord Keeper transmit this message.

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Chapter 220
(18 November 1936)

New Grand Chamberlain

Translated by Lieut. Hakuzo Nitta

When I met the Premier, he stated: "Education Minister HIRAO is saying: 'If the National Policy Unification Organ is set up, I will resign as Education Minister and will become head of that organization.' As his successor he is persistently recommending Prince KONOYE.

The War Minister and his group are still maintaining:

'Education Minister HIRAO is well qualified for it.'

It was still the Army which arranged for the membership of the Four Minister Conference or the Five Minister Conference, eventually placing therein those most amenable to the military, i.e. such persons as TANOMOGI and HIRAO."

He continued: "Focussing our attention on the China problem we must be especially careful in dealing with Britain because there is a great possibility of British meddling in our affairs. Britain must have reached some sort of agreement with Soviet Russia in order for the latter to maintain her sphere of influence in the Sinkiang region. Even the increase of Russian armaments in the Far East must have been instigated by the British. The reason I say this is that the British are trying to divert Japan's attention to this increase. This may be an offshoot of Russia's design to consolidate her sphere of influence in Sinkiang and also in Outer Mongolia. However, since Belgium has returned to its former status of neutrality, according to the King's announcement, Britain has altered her policy and has tended to drift apart from Russia.

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If France were to drift away from Russia, better relations will be fostered between France and Germany.

Germany is attempting to sign a non-aggression pact with Belgium and has decided to supersede Russia as much as possible. Britain is being held in restraint by this German policy: therefore, if an anti-Soviet pact were signed now between Germany and Japan, I think that Britain will be further limited in her maneuvering in North China. STALIN intends to build up the Soviet; this is exemplified by the recent assassination of the Third International leaders because they would eventually become a bothersome factor.

Afghanistan is sending us various reports to the effect that she is suffering greatly from these circumstances."

When I met the Foreign Minister later, he told me the same things. When I went to the Police Bureau in the Home Ministry, I was told: "As the situation stands at present, no great changes will take place. HASHIMOTO, Kingoro and his clique are set on organizing a new political party; however, it is still questionable whether he can do as he anticipates."

On the 6th I went to the Prince's residence and made a general report on the situation. On returning, the Prince asked me to take back with me the writing he had completed by a previous Imperial command. He said: "Please give this to the Grand Chamberlain and ask him to present it to the Emperor."

On the 9th, I met with the Education Minister, to whom I said, regarding the National Policy Unification Organ: "When you eventually are entrusted with heading the Organization, you must be very cautious in your

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choice of personnel. This may seem unnecessary, but I wish that you, Prince KONOYE, and I could get together and talk it over for your information." I extracted his promise and returned.

I met with the Lord Keeper of the Privy Seal and discussed at length the question of a successor to the Grand Chamberlain. It seemed to him that former Vice-Minister of Agriculture and Forestry ISHIGURO, whom KIDO was the first to mention, was the most suitable. I replied: "ISHIGURO is, of course, not a bad choice. He is not linked directly with IZAWA, Takio; however, he was Vice-Minister under Agriculture and Forestry Minister GOTO. Therefore we can be sure that people will eventually say: 'He is connected with IZAWA through GOTO.' Then you will be thought of as an IZAWA man. It will be comparatively easy for them to say: 'The Imperial circle, especially the Lord Keeper of the Privy Seal, is very important at this time, and because circumstances are such that the public is prone to say this and that, I cannot agree on the choice of ISHIGURO. Not merely that, but when the Army presents unreasonable demands to the Emperor through the Chief Aide-de-Camp, if the Grand Chamberlain obstructs it the Army and various political forces, such as the IZAWA group and the Minseito, may bring pressure to bear and the situation may become greatly aggravated. I think that it would be less damaging in many cases to place a Navy man with Navy backing in such a position."

After I had said this I met the Premier. Then I called on Grand Chamberlain SUZUKI at his official residence and delivered Prince SAIONJI's writing. The Grand

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Chamberlain said: "For some time I have been thinking of resigning when I reached the age of 70. These last Grand Maneuvers ended without any mishap. It was the first time that either the Lord Keeper of the Privy Seal or the Imperial Household Minister attended the Grand Maneuvers; this was because I was compelled to accompany the Emperor as my last service to him. It ended with nothing happening, and I am very happy that my health stood up and enabled me successfully to accompany him. However, I myself wish to retire and I have expressed my desire to the Imperial Household Minister. Please convey my desire to Prince SAIONJI."

On the 10th I met Imperial Household Minister MATSUDAIRA and conversed at length upon the question of a successor to the Grand Chamberlain. Ultimately both of us decided on ISHIGURO. The Lord Keeper of the Privy Seal said: "He is a man of remarkable character." Grand Chamberlain SUZUKI, hearing of his rerute, said: "What a splendid reputation!" When I spoke of him to the former Imperial Household Minister and the former Lord Keeper of the Privy Seal, they agreed on him. Therefore, since Prince SAIONJI was the only one to affix his consent, they asked me to talk it over with the Prince and obtain his opinion.

MATSUDAIRA continued: "After the present Grand Chamberlain resigns, I would like to have special recognition given, through a petition to the Emperor to elevate the chosen man to a peerage, to appoint him a member of the Privy Council, and to present him compensation from the Imperial purse. Please obtain the Prince's views on these also."

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When I went to Okitsu on the 11th and reported the various developments, the Prince said: "Will you please return and have another talk with KIDO? ISHIGURO may be an upright man, but to have people gossip that he is linked with MATSUAIKA would be annoying."

I replied: "When I spoke to the Lord Keeper of the Privy Seal, he emphatically stated: 'It is all right', but in the end he said: 'I was not the first to suggest his name. It was Marquis KIDO.'" I replied: 'I am not saying whether the person who suggested his name is good or bad. But if he is chosen, I am concerned about what the consequences will be.' To this the Lord Keeper of the Privy Seal replied: 'It will be all right.' The former President of the Privy Council, ICHIKI, also said: 'He will be all right.' However, I am still more or less concerned about it."

The Prince responded: "When you return talk this over with KIDO and obtain a reconsideration from the Imperial Household Minister when you meet him." His opinion was: "Why don't we appoint KIDO as Grand Chamberlain? If it is going to present difficulty to have to wait for him to demonstrate his ability until after appointment, why won't MATSUAIKA do? Speak of these two men to the Imperial Household Minister." He still maintained that: "ISHIGURO's selection is not very suitable. In regard to the compensation for the new Grand Chamberlain, I am in agreement with the Imperial Household Minister."

Whereupon, I immediately returned and at 4:00 o'clock I called at the Imperial Household Ministry and gave a generalized report. Then I called Marquis KIDO

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to the Imperial Household Ministry and the three of us mulled it over. It was finally decided that someone else besides ISHIGURO would be sought because: "ISHIGURO is a man of high calibre; however, the consequences likely to follow his appointment may not be pleasant." I then left and came home.

On the 12th I met the Premier and talked in general about the question of a new Grand Chamberlain. On the 13th, when I met the Foreign Minister, he said: "This is very secret; the army is carrying on a large scale construction in Inner Mongolia and even the War Ministry is very disturbed. Since they are rushing ahead without reporting everything back, and order was issued in the name of the War Minister to suspend all such operations. However, it is very disturbing because we do not know what has happened since. Publicity of this matter in the Japanese newspapers is prohibited, but in foreign papers, namely the Chinese and also the British, it has been published fully. If things continue in this manner, the conclusion of a treaty with China will be well-nigh impossible." He continued: "Today the Japanese-German treaty is being considered by the Privy Council."

When I met the Agriculture and Forestry Minister on my way home, I said: "The political parties are mischievously irritating the Army by what they are saying. It is very untimely." The Minister replied: "Well, it probably won't amount to much."

On the 15th I met the War Minister at Oiso and related to him the audience I had had with Prince CHICHIBU. I returned after telling him that the Chief of the General Staff desired to talk personally with him.

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At 4:00 P.M. I received a phone call from the Imperial Household Minister which went: "We have finally decided to recommend a man named HYAKUTAKE, who is a reserve admiral, for Grand Chamberlain. He is a man of stable character, and from what I hear from various Navy men he is a conservative and also a splendid person. Everyone is satisfied with him, but please ask Prince SAIONJI his opinion. Please hurry, for the Emperor has said: 'Someone must be decided upon by the 20th.'"

I immediately departed for Okitsu and on reaching the Prince's residence after supper, I conveyed the Imperial Household Minister's message to the Prince. He replied: "HYAKUTAKE is a man from Saga. I know his father well for he used to bring abridged editions of Chinese poetry to my place. If they say that he's a man of stable character, he will do." He continued: "TAKEGOSHI came and said: 'There are reports of a Japanese-German alliance; however----', but I pretended unconcern and answered: 'Is that so.' Could it just be another bit of Army propaganda?"

I immediately returned to my hotel and phoned the official residence of the Imperial Household Minister. When I relayed the Prince's acquiescence he was elated.

When I met the Premier on the 17th, he said: "They are intent on nominating former Grand Chamberlain SUEUKI and TANAKA, Ryuzo as Privy councillors. They have decided to create a Decoration for Cultural Achievement." Then he spoke about the Grand Chamberlain: "It is said: 'Admiral HYAKUTAKE was deeply moved when he received the appointment.'"

Thereafter I called Baron YAMAMOTO, Tatsuo and told

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him: "The political parties are musing over the second phase of army renovation, and the adjudication of the cases of General MAZAKI and others is near. Just when the War Minister is attempting to tighten up the control of the Kwantung Army, it is best not to say anything to irritate him. Eventually, in one or two months, it will take a more definite form, so if you have anything to say, it will be all right to voice your opinion. If the political parties don't act according to the situation, it will be disturbing." YAMAMOTO replied: "I shall call SAITO, Takao right over; I shall speak in that vein, as if it were my opinion." He too was concerned about the outlook for the future.

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Chapter 221
(27 November 1936)

Anti-Comintern Treaty

Translated by Lieut. Hakuzo Nitta

On the 18th Admiral HYAKUTAKE was appointed Grand Chamberlain and an Imperial order raising former Grand Chamberlain SUZUKI to a peerage was issued. The press comments were not unfavorable and the long-pending question of the Grand Chamberlain was settled.

The problem of the attitude of the political parties toward the military also assumed a more settled air because there were men in the Minseito who began to show concern over this problem and also because Baron YAMANOTO and others expressed their opinions. Although there was some grumbling in the Seiyukai, it seemed to be in general inconsequential.

On the 21st, when I met the Premier, he said: "On the problem of the relations between the Army and the political parties, I will have them meet soon to talk it over. If the results are good I shall turn it over to the general assembly, but if they are bad I will give up the idea." He continued: "The War Minister is saying: 'The trial of General MAZAKI and his subordinates' trial will definitely be held before the convocation of the Diet.' Because the Finance Minister had prepared the Budget relatively well, it seemed, in general, to be satisfactory to everyone concerned. I would like to see it as adequate as possible in order to meet the demands of national defense, especially as it concerns the plans pending in the Office of the Supreme Commander. Furthermore he said: 'The budget for the Navy is as yet undecided, but I feel that it will be settled satisfactorily.'

Anti-Comintern Treaty

I am inclined to think that the amount deemed appropriate by the Finance Minister at first is sufficient.

In regard to the matter of granting former Premier OKADA the privileges of his former post, and also as regards my intention of appointing former Grand Chamberlain SUZUKI a Privy Councillor, I am planning to await a favorable time, after the trial of those who participated in the February 26th Incident."

The Premier continued: "Previously, when the Anglo-Japanese Alliance was concluded, it was rumored that: 'The Navy was very desirous of its conclusion', and: 'the Navy was responsible for it'. Thus there was prevalent in the Army a feeling that it would like to do something of the same order. With the signing of the German-Japanese Treaty, I feel that the Army's general desire has been satisfied."

When I met the Foreign Minister, he said: "When the Russian Ambassador heard about the German-Japanese Treaty, he called and declared: 'Its conclusion will have a very bad effect upon our relations,' and demanded an explanation. So I answered: 'When I told you part of the story I asked when you came previously to keep it confidential for the time being. In spite of that Tass and Russian newspapers printed the gist of the conversation. Therefore I feel that the previous explanation was sufficient, in that I do not wish to invite any more confusion.' Beyond this, I said nothing. Then the Russian Ambassador spoke as follows in connection with the fisheries treaty: 'Because our negotiations for its conclusion have not advanced we will not be ready for its signing on the 20th.' Nevertheless, we are assuming

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or attitude of not being in any hurry. The German-Japanese Treaty will be put before a plenary session of the Privy Council and prompt action will be taken for its signing. I think that we can obtain Imperial sanction and announce its conclusion by the 25th.

Because Great Britain will desire to assume a neutral attitude as far as possible, it will probably not participate in the anti-Comintern bloc.

"Saying: 'This is my private proposal, Ambassador YOSHIDA asked the British Government: 'In case of war between Japan and Russia, will you maintain benevolent neutrality?' And at the same time he said: 'In any case in which Britain is disputing with other countries, we will assist in protecting the rights and interests of Britain.' Because his statements made it seem that Japan had decided to fight Russia, he appeared to be substantiating all that had been rumored hitherto, and that is very disturbing. To have something like this happen just before the announcement of the German-Japanese Treaty is very disturbing. The British Ambassador in Tokyo asked someone: 'Are YOSHIDA's words the true intention of the Japanese Government?' I had this person reply: 'The Japanese Government has never issued such instructions'; I am very much troubled."

On the 22nd, I went to Prince SAIONJI's place and reported on the whole situation. Concerning the German-Japanese Treaty, the Prince said: "Eventually it will only result in Germany exploiting us and we stand to gain nothing by it." He was very concerned about it. When I spoke of creating the Decoration for Cultural Achievement, he said: "If we bungle in creating this

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decoration, it will mean the creation of something which is of no value. Therefore, it is a matter which merits deep consideration."

In regard to Prince CHICHIBU's plan of visiting Germany on his way home, Prince SAIONJI had this to say: "I think that it would be better if Prince CHICHIBU went directly to America and returned that way. How would it be to inform the Lord Keeper of the Privy Seal and the Imperial Household Minister very secretly that it would be much more unpleasant to be exploited by Germany than to remain as we are now? We can also say: 'Prince SAIONJI is concerned about a certain matter' to the Emperor."

When I returned to Tokyo on the 24th I met the Lord Keeper of the Privy Seal and told him of the warning by Prince SAIONJI. He replied: "I am very much of the same opinion; however, you will have to speak to the Imperial Household Minister about it since it is within his jurisdiction...."

When I spoke to the Imperial Household Minister, he replied: "At present there are various problems and there are rumors that we are relying too much on Britain and America and that our diplomacy is being influenced too greatly by the Imperial Court. Therefore I will decide upon Prince CHICHIBU's route one way or the other after I have observed the situation a bit more." Thus it was left a pending question and I departed.

On the 25th, the German-Japanese Treaty was signed, and when its entirety became known it was not a military pact nor did it have any deep significance on other subjects, but it was an anti-Comint r pact. It irritated

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each country in different ways, but it more or less clarified matters which had been thought of in a strange light. It cannot be called too much of a success, but it may contribute more or less to the amelioration of the issue in question.

On the 26th Prince KONOYE and I were called by the Education Minister (HIRAO) and we cautioned him about various matters in case he should become the head of the National Policy Unification Organ. At the end the Education Minister said: "When I resign as Minister I intend to become the brain trust for the Premier. It will not be anything like the present Investigation Bureau. I will regard him as our leader to the end."

Prince KONOYE keeps saying, concerning the reformation of the House of Peers: "The Government's attitude is lukewarm." I urged him: "In any case, talk it over with the Premier again." Prince KONOYE stated: "Practically all the nuclear components of the Army are thinking that there is no other way but to foster good relations with America and Britain in order to rally their support in our Soviet relations. Therefore there is prevalent strong opposition among them to the construction work being carried on by the Kwantung Army in North China." To this I replied: "The Premier's viewpoint is somewhat different, so why don't you speak to the Premier on this matter."

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Chapter 222
(4 December 1936)

Saionji on the Treaty

Translated by Lieut. Hakuzo Nitta

According to Prince KONOYE: "The Soviet Ambassador here is buying up about a thousand copies of the Chuo Koron and Kaizo as they are published. That is, he is indirectly bribing these concerns and both of these concerns are receiving substantial revenue from this source."

In response to the comment: "The problem of personnel is very important...." concerning the National Policy Unification Organ, I explained the circumstances at great length: "How about using such men as AOKI, Kazuo and ISHIWATA?" I also said: "It would be better not to include YOSHIDA, Shigeru or MATSUI, Haruo. Of course YOSHIDA, the present chairman of the Cabinet Investigation Bureau, is slated to go abroad, but the present Chief of the Resources Bureau, MATSUI, may fancy himself as a member. However, to have such men in the Unification Organ will add to the confusion more than ever."

Prince KONOYE was of the same opinion.

I departed about 10:00 o'clock. On the morning of the 17th I met the Premier and urged him: "Why don't you meet Prince KONOYE in the near future and ask his opinion on the problem of the House of Peers and his viewpoint on the Army?" The Premier replied: "I will gladly meet him."

Still very greatly concerned about the Inner Mongolian problem the Premier said: "In case the Mongolian Army loses to the Chinese forces, we must be very determined in whatever measures the Kwantung Army takes.

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The War Minister is saying: "I intend to hold the Kwantung Army resolutely in check." I think that the general estimates in the budget will be settled at today's Cabinet meeting. They are attempting to get along by floatin' only about 240,000,000 yen in government bonds for the general and special account. The Finance Minister wa. greatly worried about what methods should be pursued to control the rise in price of commodities caused by effecting the change in the taxation system. At present we are chiefly devising counter-measures to cope with this situation."

When I met the Foreign Minister on the way home, he said: "There are bound to be various reverberations from the conclusion of the German-Japanese Treaty, but I think that there is nothing we can do but contemplate the situation for the time being until the pressure is off. At present neither Italy nor the Netherlands pres-ent problems. The upshot of it all was that the Italian Ambassador called yesterday and said: 'The Japanese Legation in Ethiopia will be changed to a consulate. We will recognize the Manchukuo Government and will establish an Italian consulate there.' Therefore, to the Army group I said: 'Because we have no way of know-ing what will happen five years hence, we must still use America and Britain as much as possible and concentrate upon the Soviet question. We must give considerable thought to our relations with Britain in the enterprises we have entered upon in North China.' In this way I am trying to restrain the Army, but the Kwantung Army does not submit to central control and that creates a very dangerous problem indeed."

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On the 18th, Commander TAKAKI came to Oiso and in a very indignant tone spoke about the problem of the Army in North China: "I am constantly meeting Chief of the Military Affairs Bureau MACHIGIRI, and in my conversation with him I admire his determined efforts to unify the Army and his desire to calm it down. In view of the situation I think that the political parties must exercise discretion in debating this and that and in inviting the War Minister to a round-table discussion while he is busily exerting himself to unify the command. I hope I can do something to stop them from making the War Minister do anything foolish."

When he said: "It is rumored that a group including FUJIHARA, Ginjiro and GO, Seinosuke is vigorously maneuvering and inciting the younger members of the House of Representatives." I replied: "I think that there is no probability of such goings on. However, I will be on the alert for such things." I then took leave.

On the 29th I called on IKEDA, Seihin and he said: "This present financial plan amounts to nothing more than the realization of collaboration between the Kwantung Army and the influential components of the Army. I am concerned about the bad effects it may have upon financial circles."

On the 30th I went to Okitsu and told the Prince all the circumstances that followed the conclusion of the German-Japanese Treaty and the establishing of the present budget. The Prince replied: "I am of the opinion that the Treaty in every particular means being exploited by Germany and that Japan stands to lose a great deal. I think that heretofore the feeling of

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friendliness towards the Germans has been clanish and that the general feeling of the Japanese people for carrying on friendly relations with America and Britain is stronger. Germany can be likened to something which came after the Meiji Restoration in support of clanism. From the standpoint of Japan's geographical surroundings it is much better to carry on friendly relations with America and Britain. If we were located like Turkey and the Balkans, then the Treaty might be more acceptable, to other countries. However, as our location is very different we must consider that aspect carefully." He seemed very dissatisfied about it.

He continued: "Musing over this Inner Mongolian problem, I have a feeling that we made some sort of treaty with them.... In considering the financial plan, it is very disturbing that the Finance Minister is still not exerting himself as earnestly as he should and that his feeling is rather that of piloting an old-fashioned experimental club. I still feel, no matter how much I think about it, that the German-Japanese Treaty lowered Japan's standing."

He further said: "When it is convenient for you, tell the Imperial Household Minister that he must be strict in selecting those who seek audience with the Emperor on his district tours, claiming that they are influential men of the district. Ordinarily, the connection between the district officials and the officials of the Imperial Household Ministry must be kept very close."

On my return from Okitsu on the 30th, I unexpectedly met the Navy Minister and he seemed very indignant

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about the action of the Army in North China, especially in Inner Mongolia.

On January 1st I met the Premier and conversed at great length about what had happened since I last met him, and when I questioned him about the roundtable discussion to be held by the political parties, he answered: "In a general way, we seem to have found the common denominator to a successful solution." Even when I asked the Chief Secretary of the Cabinet about this, he replied: "I feel that the discussion to be held on the 2nd will be completed safely. This is because the political factors are thinking earnestly and discreetly."

When I called on the Foreign Minister, the French Ambassador and the British Ambassador were calling. They had come in concern over the true meaning of the German-Japanese Treaty. The Foreign Minister said: "We can do nothing except to observe the repercussions quietly and to seek a counter-measure thereafter." He continued: "I wish that the situation would settle down as soon as possible...."

On the 2nd the roundtable discussion of the War Minister and prominent members of the Diet was held. Some days ago the Deliberation Committee on the Parliamentary system was very confused because it had decided to have the War Minister present at its meeting, but when the War Ministry complained that his presence was unnecessary, there was a great clamor. However, in the end it was decided that the War Minister was to be present.

While I was having lunch and talking business with Prince KONOYE on the 2nd, I phoned the Cabinet and

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according to what the Chief Secretary of the Cabinet said: "Both factions are very earnest and their attitude is one of discretion. As the War Minister's explanation was very satisfactory, the members of the Diet who attended were greatly relieved when they departed."

When I went to offer my felicitations on Vice-Minister HASEGAWA's finally becoming the Commander-in-Chief of the Third Fleet, he was still very much concerned about the Army's action in North China and he spoke very critically of the German-Japanese Treaty. He said: "I shall devote myself to the work which I have to do in South China." And then with strong conviction he said: "We must give China our wholehearted support. We must cease the construction operations in North China." Then he said: "There are various rumors concerning the Navy, but we will never be agitated."

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Chapter 223
(12 December 1936)

The Chahar Issue

Translated by Lieut. Fujio Asano

On the 4th, I met the Foreign Minister, who said:
"In the Suiyuan area, it appears that the Chinese Central Army will advance toward Chahar. I am worried because the Kwantung Army may mobilize troops to defend the place. If the Kwantung Army, disobeying the order of the Government, despatches troops, the Premier and I are determined to check them at the risk of losing our present posts. However, I believe that it is impossible to check them."

When I met the Foreign Minister on the afternoon of the 5th, he said: "In the Three Ministry Meeting of the Army, Navy and Foreign Ministry, it was finally decided that regardless of the situation, the Kwantung Army will not despatch troops. It was decided that War Minister TERAUCHI will firmly check the arbitrary actions of the Kwantung Army. In this instance, an order was issued with a strict injunction not to despatch troops. However, this is happening in Manchukuo, therefore we do not know what the outcome will be. The Kwantung Army, the reactionary elements of the War Ministry, and the General Staff Headquarters are all rather dissatisfied about the matter, but of course, the War Minister has jurisdiction over them."

On the 6th, I met the War Minister, who said: "I am absolutely sure that the Kwantung Army will not despatch troops. Presently, as the successor to the post of President of Totaku Company (East Asia Colonization Co.), persons such as SHODERA, Hajime, the Finance Bureau Chief,

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and TAKAGI, Rikuro are recommended. However, this does not coordinate with the so-called clean-up of the military. As for myself, I want to see a more respectable man in that office. Please tell this to the Premier."

On the following day, I met the Premier, and conveyed to him the wishes of the War Minister. The Premier said: "Can you have Count KODAMA convey the wishes of the War Minister to the Minister of Overseas Affairs?" I immediately telephoned Count KODAMA and told him about this.

Early in the morning of the 7th I visited the Lord Keeper of the Privy Seal and talked with him on various matters for about two hours. Before I left the Lord Keeper of the Privy Seal said: "Marshal Prince FUSHIMI is exceedingly indignant about the Suiyuan problem. He is especially concerned about the Army's lack of control of the troops in Manchukuo. Prince FUSHIMI said to me: 'Beginning with the Manchurian Incident, the Army has been very unreasonable, and this attitude has been continued up to now. I have been patient about these matters but the Suiyuan Incident is the limit. I wish to request the Emperor to admonish the military regarding this problem.' However, I am rather skeptical about the Emperor, personally, saying anything about this matter. I am very much concerned but I have been postponing the subject. Prince TAKAMATSU is also very much concerned and I have heard that he wished to see me, but I have not yet had an audience with him. In general, the Navy is very indignant about the Suiyuan Incident, and I believe that this is the attitude of the Navy as a whole. Truly, this is a matter of

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secrecy, and I want you to tell this only to Prince SAIONJI. Recently, some time after the Suiyuan Incident occurred, the Emperor inquired of the Chief Aide-de-Camp regarding the situation (Suiyuan Incident). The Chief Aide-de-Camp replied: 'The Army does not know a thing about it.'

"The Emperor is not a person to doubt anyone, therefore he did not doubt the word of the Chief Aide-de-Camp. However, the Emperor was of the opinion that the Chief Aide-de-Camp was too careless (in his statement). Upon hearing about this from the Emperor I withdrew from the presence of His Majesty and summoned the Senior Staff Officer to my room. I told him: 'Right now I heard such and such a story from the Emperor. I think that it is most outrageous for the Army to cover up its misdeeds and especially for it to report to His Majesty: 'We don't know (about the Suiyuan Incident).' Furthermore I told him: 'Please be more careful so that such a thing will not happen again.' Later on it seemed that NAKAJIMA (Senior Staff Officer) told the Chief Aide-de-Camp about our conversation because since then, occasionally, the Chief Aide-de-Camp has had an audience with His Majesty and has been reporting on subsequent developments. For instance, the Chief Aide-de-Camp recently reported to the Emperor: 'With the intention of preventing the despatch of troops, the War Ministry and the General Staff Headquarters sent Colonel ISHIHARA to Sin Chiang.'

"At the outbreak of the Suiyuan Incident, the War Ministry and the General Staff Headquarters decided to keep out of the trouble. Therefore I have been observing the situation to see if they would maintain their

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initial policy. I was very much worried about the whole thing because there was a prevailing sentiment (in the Kwantung Army, the War Ministry and the General Staff Headquarters), that in the event that the Mongolian Army lost, we could not forsake them. As expected, the situation turned bad, and then it became obvious that the responsible officers of the Kwantung Army, the General Staff Headquarters and the War Ministry were in favor of despatching troops. On the 4th when I met the Premier in the Imperial Palace, I told him about the Suiyuan problem in detail, and said to him: 'This is a matter that concerns the fate of our nation. Therefore, somehow, I want you to stop them.' The Premier replied: 'The War Minister has told me that he would suppress them.' However the Military Affairs Bureau Chief has gone to the Foreign Ministry, and has requested: 'Please announce to China that if they (Chinese troops) enter Chahar, we will take action.' His request was not granted.

"I am very much worried about the present situation: What little I can do, I am bending effort to accomplish in my capacity as Lord Keeper of the Privy Seal. However, I believe that there may be some fault in my work. If so, and if the Prince (SAIONJI) notices any fault in my work, I want him, without hesitation, to tell me about it frankly."

Then I met the Premier. The Premier said: "The Soviet-Japanese Fisheries Treaty becomes effective upon signature. The Cabinet should be responsible for its miscalculation in having the Treaty submitted for Imperial Sanction before the other party had signed it. However, the question is, how will this problem be solved.

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I believe that you have already heard from the Foreign Minister that it has been decided not to despatch troops to Inner Mongolia. However, the problem here is what the future action of the Kwantung Army will be. Since assuming my office, I have been thinking: 'For the Prerogative of the Supreme Command of the Emperor, there should be a Supreme Command Headquarters. This should be a combined Headquarters of the Army and the Navy, and the responsible person of the Headquarters should always counsel the Emperor from the view-point of the over-all situation!'

When I met the Foreign Minister again, he said: "In regard to the Fisheries Treaty (Soviet-Japanese), I am planning to have Ambassador Shigemitsu observe the current situation. I wish to have the Treaty signed within this year. However, if the Treaty is not signed within this year, it will become a problem of responsibility. If one wishes to offer explanations regarding the matter, he can. In view of the current situation, I believe that it would be preferable for a person to take the responsibility without a word of explanation. In regard to the Suiyuan problem it seems that the bureau chiefs and the subordinates are all dissatisfied. It seems that they (military) wanted to issue a warning (to the Soviet) regarding the matter. However, the whole thing was suspended, therefore, they are now saying: 'Now it is not necessary to issue a warning.' In the instructions (to the Kwantung Army), it was stated: 'Proper action does not include military action.' They are apparently dissatisfied because they were told that it was not necessary to issue a warning (to the Soviets). The bureau

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chiefs and the subordinates are still grumbling."

On the 8th I visited the Prince and told him about the situation in general up to date. I said: "There are two circumstances that might cause a change of cabinet: The first would arise if the Kwantung Army disregards the instructions of the Japanese Government and despatches troops to suit the situation (military) in Suiyuan or if the Army despatches the troops of the Kwantung Army without the consent of the Cabinet. The other would arise if the Soviet-Japanese Fishing Treaty is not signed within this year.

"The general opinion is that even if there is a change of cabinet it will be preferable not to replace the War Minister and the Navy Minister.

"The other day, when I met Lt. General NAKAMURA on the train, he remarked: 'To complete the purging, the Army will take anywhere from March to August.'

"The Naval Chief of Staff (Fleet Admiral Prince FUSHIMI), is extremely worried about the Suiyuan problem, and told me that he wanted to hear the opinion of the Emperor regarding the matter."

Hearing this, the Prince asked: "Why don't you talk the matter over with the Naval Chief of Staff (Fleet Admiral Prince FUSHIMI)? I believe that it would be well for the two Princes of the Army and the Navy respectively (Army Chief of Staff, Field Marshal KAN-IN and Naval Chief of Staff, Fleet Admiral FUSHIMI) to discuss the matter with the Emperor as a problem of the Army and the Navy only."

The matter upon which the Prince placed most emphasis was: "In the event of a change of cabinet, it would

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not be proper for the Emperor to order the retention of any cabinet member. It is preferable that either the Chief of the General Staff or the Naval Chief of Staff should handle such matters."

In regard to the succeeding cabinet, the Prince said: "This is not the right moment for KONOYE to come out. If he is going to end up as a puppet, it will be meaningless. No matter who occupies the office (premier) he will probably end up as a puppet. Anyhow, I believe that it would be advisable for KONOYE to be more cautious regarding the matter."

Then I said to the Prince: "Foreign Minister ARITA is strongly of the opinion that: 'Persons not in responsible positions are saying various things; however, in the end, we always have to take all the responsibility. Why not have the Army take all the responsibility for its own commitments.'" The Prince replied: "That is an idea; however, I cannot approve such an uncertain method."

Then I returned from Okitsu. Sometime later the Foreign Minister asked me to have dinner with him; we went to the Kuwana to eat. There I asked the Foreign Minister about various aspects of the situation. The Foreign Minister said: "There are indications that the Kwantung Army rather than go into action may send Manchukuo troops into Suiyuan. As a precautionary measure against this, today, I sent a messenger to the Vice-Minister of War and cautioned him. If Manchukuo troops are despatched (to Suiyuan), I don't think that the present Cabinet will be able to remain in office. In regard to the Fisheries Treaty, I have instructed

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SHIGEMITSU to observe the situation. Although at present the treaty may not be signed we may be able to get along with a provisional treaty until April or May of next year. It appears that the situation has changed a little in regard to the Treaty. The situation is such that although the Treaty may not be signed within this year, if a provisional treaty materializes we may be able to get along with it."

The Foreign Minister, in addition, mentioned his fear that in case of a change of cabinet even if the succeeding cabinet follows the policy of the present cabinet in regard to the budget, the explanation of the details of the budget would not be satisfactory in the session of the Diet.

About 9:00 o'clock P.M. Marquis KIDO, MATSUDAIRA, Yasumasa and Prince KONOYE happened to drop in, and we talked for a while about various matters.

Early, the following morning, I again met the Foreign Minister. I said: "The story of last night is rather vague to me. For various reasons I wish to clarify it. You have previously told me that: 'The fate of the Cabinet rests, first of all, on the time of the despatch of troops by the Kwantung or the Manchukuo Army, and secondly on whether the Soviet-Japanese Fisheries Treaty is concluded this year.' You have also stated that: 'If a provisional Treaty materializes, the matter can probably be carried over to the following year.' Last night, I wanted to clarify this matter, but there were other people around, therefore I hesitated. I returned home without asking you to explain."

The Foreign Minister replied: "If a provisional

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Treaty materializes, and if the matter can be postponed till May of next year by diplomacy, the danger (to the Cabinet) will be averted for this year at least."

Before leaving, I said: "In a few days I will come to inquire about subsequent developments."

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Chapter 224
(21 December 1936)

Chiang Kai-shek Kidnapped

Translated by Lieut. Fujio Asano

On the 14th, I met the Premier. The Premier told me: "Probably a military operation will be impossible in the Suiyuan area due to the weather conditions. Therefore I want the problem settled diplomatically. We should have the determination to take action in the event that the Chinese Central Army should enter Chahar. However, the distance of the advance is a different problem. WANG Yen, a subordinate of Prince TEH, has made a secret overture to the Chinese Central Army, therefore, I don't think that the combat morale of the enemy will be very high.

"I am trying to settle the Russian problem as soon as possible. In regard to internal affairs there is a trend to want to block the increase in taxation and the encroachment of the military. There appears to be an active movement to reject the budget. In the home islands there is a communist movement. There was a movement to reorganize the Communist Party, therefore, secretly, arrests were made. The number of persons arrested was about 150. The matter was not discussed in the Cabinet meeting, and was also kept an absolute secret from the public.

"In regard to the problem of Viscount ISHIGURO, Privy Councillor, due to a lengthy illness he has been saying: 'I wish to resign.' Therefore I am thinking of arranging the matter so that his wishes will be sanctioned (by His Majesty). Including that, the vacancies in the Privy Council will be four. I am planning to

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recommend TANAKA, Ryuzo to fill one of those vacancies."

The same day I also met the Foreign Minister. The Foreign Minister said: "I don't think that the situation in Suiyuan will become worse. In regard to Russia, she is just trying to be disagreeable. However, the political parties of our country are contemplating the overthrow of the Cabinet by taking advantage of the situation. I am worried because the public that has been incited by them is easily agitated. That might have a serious bearing on foreign policy and bring about a grave situation."

When I met Prince KONOYE on a later date, he said: "A group that has been trying to bolster me (politically) has gone to Count ARIMA, and some of them: NAKAJIMA, Chikuhei, MAGAI, Ryutaro and others have asked ARIMA to back the movement supporting General HAYASHI. In the near future General HAYASHI is going to Count ARIMA's place to meet with NAKAJIMA, Chikuhei, MAGAI, Ryutaro, GOTO, Fumio and others. General HAYASHI will talk to them about the wishes of the Army regarding the political parties. That group is incessantly publicizing that: 'UGAKI is useless.' That remark was originally made by War Minister TERAUCHI to TOMITA, President of the House of Representatives. TERAUCHI told TOMITA: 'UGAKI surely is useless.' That remark about UGAKI greatly disappointed TOMITA. Other supporters of UGAKI were also greatly affected by it and many have, in the end, come to believe it.

Lt. General TATEKAWA came to me, and urged me to become premier; however, I told him: 'No!', and he left. During that visit TATEKAWA said: 'UGAKI is all right,

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however, he is not reliable."

The movement to support General HAYASHI (for Premier) was started because of the remark made by Colonel ISHIHARA: "HAYASHI is all right." Furthermore, he (ISHIHARA) said: "General HAYASHI will make a good puppet for our purpose. We can do as we please with him (as premier)."

On the 13th, Marquis MATSUDAIRA visited me, and said: "I have met ex-Premier OKADA. Ex-Premier OKADA said: 'I have retired from public life for the time being. Therefore I should not meddle in any public affairs. However, this is an important matter, therefore I want you to be sure to convey this message to Prince SAIONJI. If UGAKI becomes premier, three or four fanatics might appear who would try to take control of the Army, and it would create a rather serious situation. There is a movement to bolster General HAYASHI (for premier), however, I am rather skeptical about that. I don't think that he will be very reliable. Furthermore, there is talk to the effect that: 'To create military administration.... For example, why not have the military take charge of the responsible positions? However, practically all of the so-called responsible Army officers of today do not have any sense of self-examination. If anything goes wrong they will try to blame someone else and will accuse outsiders. It will be extremely dangerous to let the military, who do not have any sense of responsibility, take charge of various matters. If a person does not have any sense of responsibility, it will be impossible for him to take charge of a responsible position.'"

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On the 13th, I met the Foreign Minister. He said:

"There was a release report from Consul-General SUMA of Shanghai stating that: 'Today there was a message from the Chinese Government, stating that on the 12th, at 3:00 o'clock A.M., an incident occurred at Sian.' The Chinese Central Army sent out a plane to reconnoiter. About 11:00 o'clock P.M. there was a report to the effect that: 'CHIANG Kai-shek has been kidnapped.' Upon receiving this report, the Nanking Government immediately promoted Vice-Chairman of the Administrative Council KUNG Hsiang-hsi to the post of Chairman of the Administrative Council, and increased the members of the Military Affairs Committee from five to seven. The next step, the third taken, was that FENG Yu-hsiang was appointed Chairman of the Military Affairs Committee. The fourth emergency measure taken was that War Minister HO Ying-chin took charge of all military operations. The last, the fifth step taken, was that CHIANG Hsueh-liang was dismissed from all official posts. The aforementioned matters were reported to Consul-General SUMA by the Nanking Government through a messenger.

"On the 14th, the Navy decided to: 'Quietly observe the situation, and to refrain absolutely from plotting any petty schemes.' The Army stated: 'The War Minister has gone to the staff exercises for general officers and is absent. Can you wait till tomorrow for a reply regarding the matter?'

After reading the various confused reports about China in the newspapers and the extras, I decided to visit the Police (SAJOWJI). On the night of the 13th

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I left for Okitsu. On the 14th I visited the Prince. I reported to him in general about the current situation and telephoned the Foreign Minister from Okitsu. The Foreign Minister said: "Lately I have not been able to get any reliable information regarding the matter (kidnapping of Chiang Kai-shek).

I also talked to Prince KONOYE over the phone. Prince KONOYE emphatically said: "This is an excellent opportunity for the Japanese to observe the zealous activities of Russia (in China)."

I told the Prince (SAIONJI) about various matters and then boarded a train at Shizuoka to return home. By coincidence the War Minister was on the same train, on the way back from Kyoto. I talked with the War Minister for approximately an hour about the necessity of prudence in the attitude of Japan and about our relations with the United States and Great Britain. The War Minister said to me: "I am of the same opinion."

The War Minister mentioned that the Anti-Comintern Pact was a great success, therefore I did not say anything regarding it. The War Minister continued and said: "At the staff exercises of general officers, I told both ARAKI and HONJO: 'It's outrageous! Resign your titles!'"

After the return of the War Minister, the policy of the Army was determined (regarding the CHIANG Kai-shek kidnapping incident): "to quietly observe the situation". It was finally possible for the Army, the Navy and the Foreign Ministry to agree on the policy regarding China. Therefore, the Government announced: "In regard to Sui-yuan, the Government is planning to direct the situation toward a gradual restoration of peace and order."

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On the 11th I met the Premier, who said: "I visited the Palace, and reported to His Majesty upon various matters. The Emperor remarked: 'At this moment we should not blunder in our relations with China over such a petty problem.'

"The Public Procurator General is going to resign from his present office, and Dr. IZUMINI will assume that office.

"In regard to the House of Peers reform plan, there will be thorough deliberation. If the plan is drafted, I will submit it to the next Diet session; however, there is no hurry."

Then I met the Foreign Minister. He said: "I had a chat with the Soviet Ambassador. The authority of the Soviet Ambassador in Japan is so limited that he would not come to the point as I wanted him to. Therefore I immediately wired SHIGEMITSU (Ambassador to Russia) to negotiate directly with the Foreign Minister. Due to the international effect of the German-Japanese Treaty, and also due to the propaganda of Soviet Russia and other countries regarding the matter, there exists a strong concern and speculation that Japan may resort to further violence. Japan should be more careful. We should endeavor to have the others understand us better. In a sense, the Japanese Army will have to exercise self-control, and I believe that it is a very good idea. In regard to the Fisheries Treaty, this is a secret: we should concede a little in the boundary committee meeting and then get the Fisheries Treaty as a reciprocal measure."

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Chapter 225
(30 December 1936)

Political Party Maneuvers

Translated by Lieut. Norio Morihara

I met the Foreign Minister on the same day. He was quite worried about the possible effects in case of a resignation en bloc prior to the opening of the Diet. In other words, he was concerned about the future of the budget. The Foreign Minister said: "In regard to the Russo-Japanese Treaty, I invited the Russian Ambassador or over. However it seems that the negotiations are outside the Ambassador's authority. Therefore I decided to have Ambassador SHIGEMITSU speak directly to Foreign Minister LITVINOFF in Moscow."

I visited the Police Affairs Section Chief at the Police Bureau. He said: "With regard to the dropping of the case and subsequent freeing of KUHARA a couple of days ago, people are saying that this was the result of Vice War Minister UMEZU's efforts, the Choshu faction's endeavors, etc. People are conjecturing that this is probably the first step toward acquitting General MAZAKI. Although I do not know very well, some are of the opinion that the acquittal of MAZAKI will mean a more favorable standing for Vice-Minister UMEZU in the eyes of both factions, etc."

I inquired of Count KODAMA: "How did the War Minister feel?" Count KODAMA replied: "At present the War Minister is impartially awaiting the results of the trial. As far as he is concerned, there is nothing to do but abide by the decision of the court. He seems to be encouraging the judges all the time, but he does not sway them in any direction. However, it is the War Minister's

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opinion that when the relative positions of KUHARA and the War Councillors, the Inspector-General of Education, and the generals of the Army are considered, they cannot be handled in the same category as KUHARA." That was Count KODAMA's story, and I also heard it from others.

I met the Premier on the 21st, and he said: "I believe that the Treaty with Russia will be extended and that the continuation of the Treaty will be worked out by a modus vivendi. Even from the spirit of the Treaty, it clearly cites the necessity of creating a temporary agreement, so there will always be a Treaty. Concerning the problem of KUHARA, the public procurator's office will carry out prosecution without fail... It is also the War Minister's opinion that MAZAKI's case probably will not end in acquittal because MAZAKI's position is different from KUHARA's. The meeting of the Diet seems to be scheduled for the 11th. The Government will abide by its decisions. The elections are proceeding very smoothly. I want you to tell this to Prince SAIONJI only: there was a confidential communique from the British Government to the Japanese Government saying: 'We are troubled very much by CHANG Hsueh-liang. We would like to have him escape by plane....' Japan hasn't made any reply as yet. We will have to clarify the basis for such statements, and while there is no reply yet, a precautionary attitude is being assumed because CHIANG Kai-shek's situation is still unknown. China shows tendencies of splitting up into pro and anti-communist factions. On the 23rd the Government is supposed to make concrete statements concerning Army renovation and diplomacy in the House of Representatives. The Foreign Minister

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worked for the realization of the fisheries pact through Ambassador SHIGEMITSU, but Russia is busily occupied and things are not proceeding too well. However they no doubt will not deny Japanese fishing rights. Ambassador SHIGEMITSU requested a temporary expedient and LITVINOFF said: 'Of course, let's conclude a temporary agreement!' LITVINOFF, in his conversation, said: 'It is sufficient if a Treaty is concluded by February of next year, isn't it?' It seems that it is the desire of Russia to postpone the Treaty and to watch the situation during the interval. I think that in the end it will be concluded. I have kept this absolute secretly at the Cabinet meetings, but I want you to tell this to the Prince: The British Ambassador appeared at the residence of the Foreign Vice-Minister and said: 'We would like you to permit the escape of CHANG Hsueh-liong to a foreign country by airplane.' As far as the Foreign Ministry is concerned, they do not clearly know what sort of negotiations are being carried on between CHANG and the Nanking Government, nor what theories they are subscribing to. Since this is not clear, it is difficult to know whether the rescue of CHANG will be for the benefit of China or Japan. Because an investigation is presently being made on these points an immediate answer is not possible. The Japanese-Australian treaty is proceeding very smoothly and will probably be concluded soon. Concerning present movements in China, the Army is exercising extreme circumspection, and we are thinking that it is doing very well."

I went to meet the Finance Minister. He said: "The atmosphere of the Diet session is very bad. We seem to be in for various criticisms concerning diplomacy and

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the tax system, and of course we are expecting a few amendments concerning the latter. The electric power problem seems to be full of difficulties." The Finance Minister conjectured that the lengthening of the period of compulsory education would be considerably criticized.

I proceeded to Okitsu on the 22nd and related the gist of events up to the present. The Prince said: "The political parties seem hypercritical. Up to now I have advocated humility in a broad sense, and it will be very good if they put up with it for a little while longer. It will be very bad to have trouble now. This is certainly a difficult problem." I returned on the 23rd and met the Foreign Minister. He said: "There was nothing special in the plenary session of the Privy Council."

On my return I met the Premier at his official residence. The Premier said that they had consulted such men as CHANG Chun of the Nanking Government concerning the problem of CHANG Hsueh-liang and that CHANG Chung had said: "Probably it will not be possible." The Premier wondered why it was necessary to propose various things when the Chinese themselves were not so keen about it, and guessed that such things were done probably to rescue CHIANG Kai-shek.

In the meantime there was news that CHIANG Kai-shek, together with CHANG Hsueh-liang had escaped from Sien to Loyang by plane. The problem of CHANG and the problem between Japan and England disappeared of itself.

I met the Premier on the 28th. He said: "It was decided in the Privy Council that a temporary agreement would be made with the Soviet Union for an extension of one year. Since Privy Councillor Viscount ISHIGURO has

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resigned, and since he was an Army man, the Government probably will appoint Lt. General OSHIMA, Kenichi as a Privy Councillor. However it is not known whom the President of the Privy Council will appoint as an alternate. I believe that the Chinese problem will be settled with CHIANG Kai-shek, but the other day Councillor TING Shih-yuan, who had come to Japan, visited my place and was very worried. I suggested to him: 'If CHIANG Kai-shek is going to escape, why doesn't he escape to Japan?"

The Premier continued: "In the interval between the 10th and 15th of January, it was decided by the resolution of the two parties that a movement would be launched for the recommendation of a resignation of the Cabinet en bloc. There was such a rumor but it is doubtful whether it will turn out this way because it is only the assertion of the Kokumin Domei. It is said that the President or Vice-President will become the spokesman. However, this is not the official duty of the President or Vice-President. Again, we must consider that it is not possible for the President or Vice-President to become the spokesman and this proposal in all probability will not crystallize." That was the Premier's opinion.

There was a telephone call from the Foreign Minister on the morning of the 28th. He wanted me to visit him early in the morning, so I went to his place. The Foreign Minister said: "They are saying: 'Diplomatic problems will be handled by the Administration before the opening of the Diet. We would like to listen to the details of diplomatic problems in secret.' Secret sessions and secret hearings, if revealed to foreign

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countries, will stimulate greater suspicion, and all of our diplomatic endeavors will go to waste. Therefore I do not want any discussion of diplomacy until the opening of the Diet session." I replied that I would think of something and returned.

When I came home, INUKAI, Ken just happened to be there and I said to him: "I just went to the Foreign Minister's place. There are rumors such as: 'During the interval between January 10th and 15th the two parties will choose either the President or Vice-President as the spokesman and will make a thorough investigation concerning diplomatic problems; a secret session will be called.' I went to the Foreign Minister's residence because I was worried and the Foreign Minister was also very anxious. If the political parties do not take the utmost precaution in regard to foreign problems, an additional burden will be placed upon the authorities, on top of the already difficult situation. This would be disadvantageous to the country. You are young, so you must realize such points. How about preventing such foolhardy things by talking to ARITA first and inquiring about the situation?" INUKAI agreed, and saying that he would do it, returned.

I called Count KODAMA on the telephone and told him of this. Count KODAMA said: "I believe that the Prince in Okitsu is worried about it too. I wish that you would tell me how he feels about these problems." I replied: "I am going to Okitsu tonight, so I shall ask him," and we parted.

I left on the night of the 28th and visited the Prince on the morning of the 29th. I told him of the

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intention of the political parties to get together and to make inquiries concerning diplomatic problems before the opening of the Diet. I also told him of their intention to start a movement for the downfall of the Cabinet. The Prince said: "It is all right to have various discussions after the opening of the regular session. I don't understand why the political parties desire a secret session, and I don't understand their psychology, but they should be made to take a more circumspect attitude and to keep their eyes on the main issues."

His anxieties were the same as ours. I also told him of Count KODAMA. The Prince said: "It seems to me that Britain and America have come to pay considerable attention to this since the conclusion of the German-Japanese Treaty. I wonder if there's no way of changing this? In the first place, it is extremely unreasonable on the part of the political parties to arbitrarily place responsibilities upon the Administration without first delegating authority. From a certain standpoint, the work of the police is a thing of the past, and the custom by which the present Administration has to bear the responsibilities of the old regime is one that is exceedingly outrageous. That is my opinion."

I also told him of the proposed Japanese-American secret treaty, which was mentioned when Admiral SUETSUGU and KONOYE met. I mentioned also the preservation of peace in the Pacific.

The other night I was invited out by GO, Seinosuke and the two of us talked of various things. At that time the subject of KOIZUMI, Sakutaro was brought up -

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and I told the Prince about this. The Prince related minute details about the past; of KUHARA and KOIZUMI; and of ANDO and KOIZUMI.

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Chapter 226
(13 January 1937)

Shiratori on Europe

Translated by Lieut. Shiro Omata

The Prince continued: "The Government must face this Diet session with a firm attitude, and must be determined to dissolve it. The fact that in the past changes in the Government were brought about by intrigue is the fundamental cause of its deterioration. It is my desire that changes in the Government be brought about as far as possible, by just and upright means. For that reason, the Cabinet must, under any circumstance, force the dissolution of the Diet after giving thorough consideration to the consequences and assuming full responsibility. I want you to tell the Premier that I said: "Carry on with determination to dissolve the Diet."

The Prince spoke of the incident which occurred at the time of the ITO Cabinet. At that time, pressure was exerted to force the resignation of Finance Minister WATANABE. However, he would not give way to this pressure. Prince SAIONJI was Minister of Education at that time. He was requested by ITO to force the resignation of the Finance Minister, and finally succeeded. Since the Finance Minister would not bow to pressure, the Prince (SAIONJI) appealed to Emperor MEIJI and said: "It is our intention to force at all cost the resignation of the Finance Minister, but he is reluctant to resign. I request the Emperor's permission to say: 'This is the personal wish of the Emperor'. The Emperor inquired: "If the Finance Minister resigns, who will succeed him?" Prince SAIONJI replied: "I will take over the post."

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The Emperor said: "That is fine."

He (SAIONJI) further requested: "If WATANABE requests an audience, please refuse it." The Emperor agreed to this request. SAIONJI immediately proceeded to Finance Minister WATANABE and told him: "You must resign. This is also the wish of the Emperor." WATANABE finally resigned. Although he requested an Imperial audience, it was refused due to the previous request to the Throne.

Returning to the original subject of the dissolution of the Diet, the Prince expressed his opinion, and asked: "Isn't it possible for the Cabinet to dissolve the Diet without approaching the Emperor? If there is a Minister within the Cabinet who refuses to endorse the proposal of the Cabinet, he should be forced to resign. If necessary, one of the other Ministers could hold the vacated post or a successor could be appointed. So make a determined effort to dissolve the Diet."

I returned to Tokyo and met the Premier. When I informed him of the opinion expressed by the Prince, the Premier definitely stated: "Of course, my mind is made up to carry it through (the dissolution of the Diet)." I met KIDO and told him: "There won't be any immediate change in the Cabinet. However, I want you to tell MATSUDAIRA to be prepared for it when the change comes."

After meeting the Foreign Minister, I called on the Lord Keeper of the Privy Seal. For the first time in a long while we had a long talk. During the course of conversation, I told him the opinion of the Prince. The Lord Keeper of the Privy Seal insisted: "In the event

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that the Cabinet is to be dissolved, I would like to receive instructions from the Prince concerning necessary procedures and steps to be taken." He also said: "It is very discouraging that we have only one possible candidate for premier of the incoming cabinet." Speculating on various possibilities, he was greatly depressed.

On the 2nd, I met the Minister of the Imperial Household. He said: "Since the Emperor seems considerably fatigued from overwork it is my intention to suggest that he visit Hayama as soon as possible. I am certain that he will depart on or about the 11th."

When I met the Foreign Minister on the 4th he said: "The Commander of the Gendarmerie called on me and said: 'Please don't attribute too much importance to the activities of Rear Admiral KOBAYASHI, Shosaburo (Reserve). Although he circulates a rumor that he is very intimately connected with the Army, this is quite untrue. Please do not place too much significance upon his actions!'"

The reason that the Commander of the Gendarmerie called on the Foreign Minister was that when he called on General SUGIYAMA he was instructed by SUGIYAMA to call on the Foreign Minister and tell him of this (action of Rear Admiral KOBAYASHI, Shosaburo).

On the 4th I went to Oiso. Minister SHIRATORI called on me after visiting Prince KONOYE at Kamakura and stayed overnight. He spoke in detail of the observations he had made of the European situation while he was there. His opinion was entirely different from that of TSURUMI, Yusuke, who had called on me previously. At that time, TSURUMI had said: "In the end, Great Britain

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and Germany will probably go to war." However, it was the opinion of SHIRATORI that: "As long as Germany does not cross the Rhine, war between Great Britain and Germany will never come about." He also remarked upon the considerable success achieved by Great Britain in her diplomacy in Europe.

He touched on the relationship with Russia and said: "In order to check Russia, it is highly advantageous for Japan to have an agreement with Germany. However, we must maintain as cordial a relationship with the United States and Great Britain as possible." It was his opinion that: "The Foreign Ministry should open its gates and recruit as many capable men as possible. It also should manage its own affairs without interference." He continued: "Ambassador YOSHIDA, who is gravely concerned over the relationship between Japan and Great Britain, is endeavoring to bring about a friendly relationship between the two countries. However, unless there is a coordinated effort on the part of the Foreign Ministry, the result achieved will be nil.

"Observing the foreign affairs of Britain, the people in Japan believe that Britain committed a great blunder in regard to the Ethiopian problem. However, I believe that it was a great success on her part. Looking at it from the British point of view, the method employed by Britain to dissolve the military agreement between France and Belgium was also a great success. Should Russia and France have signed an agreement and should Russia have gone to war with Germany, Belgium would have had to participate as an ally of France.

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Consequently, Great Britain would have been involved.

This would have been very disadvantageous to her.

Therefore, the act of forcing Belgium to dissolve her military agreement with France was a great success as far as Great Britain was concerned.

Minister SHIRATORI continued: "I want to regain my composure and to assist Foreign Minister ARITA." I told him: "That is an excellent idea," and gave him encouragement. He also stated: "As the result of conferences with Foreign Minister ARITA, I am to visit Manchukuo and observe the true condition of the Kwantung Army. I will be leaving soon for Manchukuo."

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Chapter 227
(13 January 1937)

The Chinese Puzzle

Translated by Lieut. Shiro Omata

When I called on the Prince on the 5th, he stated: "On the morning of New Year's Day I read the editorial written by KONOYE which you had told me about previously. I thought that it was excellent." It seemed that the Prince was very much pleased with it. He also stated: "Recent reports submitted by the Ambassador to Italy, YOSHIDA, clearly state the sources of the editorials. It is a great improvement on the part of YOSHIDA."

I conveyed to the Prince the opinions expressed by Minister SHIRATORI, who had observed the European situation. I mentioned the statement made by the Lord Keeper of the Privy Seal: "We should have at least two tentative candidates for the premiership of the incoming cabinet (should the cabinet resign). To this, the Prince replied: "If UGAKI can't become Premier, what about the Lord Keeper of the Privy Seal himself? However, if we mention anything in regard to the incoming cabinet, we will be endorsing a disturbance in political circles. It is better that we say nothing in regard to this."

In regard to the meeting of the Lord Keeper of the Privy Seal, KONOYE, and the Prince, to be held after the Minister of the Imperial Household and KONOYE had met, the Prince stated: "I would like to have that meeting held after the 10th."

On the 9th I met the Premier. He stated: "As the result of almost complete fasting since New Year's Day, General MAZAKI has weakened considerably. He was transferred to the Army Garrison Hospital. Absolute secrecy

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must be kept on this matter." He continued: "Since the Chief of the Metropolitan Police was incapable of discharging his duties, due to insomnia caused by diabetes, he was replaced by HAYAKAWA, who was Governor of Hiroshima Prefecture. In regard to KUHARA, it is said that a more serious criminal offense has been committed by him. NAGAI, Ryutaro has repeatedly asked me: 'If the treaty between Japan and Germany were signed and the budget were approved by the Diet, wouldn't that be sufficient without the dissolution of the Diet?' However, the Minister of War tells me: 'Under any circumstances, we must dissolve the Diet.'"

The Premier also stated: "When I had an audience with the Emperor yesterday, he was gravely concerned over the Chinese problem. The Emperor inquired: 'Isn't it true that we are unable to stabilize (foreign) exchange because of the international situation?'"

Further, the Premier touched on the Chinese problem and stated: "The Chinese problem is a complete mystery. It seems that the main factor is the amount of money involved. It seems that an alliance between the Chinese Central Government and the Chinese Communists was formed merely for political reasons to curb further Japanese aggression and has no other significance."

When I called on the Foreign Minister, he said: "TATEKAWA and OBAYASHI, Shosaburo, made several attempts through my older brother YAMAMOTO, Teijiro, to force me to resign from my post. They said: 'It is imperative that you resign before the Diet opens'; and: 'For your own sake you must resign'; and finally: 'Since the young Army officers are restless, you should resign.'

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However, my brother refused to convey these messages to me. Thereupon TATEKAWA called on me personally and asked me to resign. I refused his proposal, saying: 'It is impossible for me to accept your proposal.' However, on the 2nd, the Commander of the Gendarmerie called on me. He stated: 'Since whatever KOBAYASHI is saying is for his own publicity, do not place any significance upon it.' Furthermore, General HAYASHI, Senjuro is extremely active in his attempt to form a new political party. However, I don't believe that he will get very far."

Then the Foreign Minister mentioned the Chinese problem and said: "It is impossible for me to make a prediction in regard to China until after the Third Chinese Central Government General Conference (the District Chairmen from the various districts of China meet annually or biennially) is held on February 15th."

Since I had some business, I left for Osaka on the morning of the 10th. In the evening I attended the dinner party held at Sumitomo with government officials of Osaka Prefecture. After returning to the hotel and sleeping for a while, I was awakened by a telephone call from a newspaper. The news was: "The condition of the Prince is very serious." I didn't think that I should call in the middle of the night. I thought they would inform me if the condition of the Prince were very serious. I waited until dawn and called Okitsu early in the morning. The reply was: "At one time the Prince's illness caused us great anxiety. However, it seems that we need not worry too much." I was somewhat relieved by this reply and was able to attend the New

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Year's party of Sumitomo on the 11th. However, during the course of the day (11th), I telephoned Okitsu two or three times and inquired about the condition of the Prince. The replies were: "His condition is improving."

I left Osaka on the morning of the 12th. When I stopped over at Okitsu I was informed that the Prince was recovering. Reassured by this news, I returned to Tokyo.

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Chapter 228
(19 January 1937)

After Hirota, Who?

Translated by Lieut. Shiro Omata

I met the Foreign Minister on the 13th. He stated: "Should the resolution adopted by the House of Representatives be unfavorable, I intend to counter-attack by pressing the following point: 'Was there any foreign policy supported by you gentlemen in the past that has been superior to the one pursued by this Government? Contrary to your understanding, diplomacy with China is highly complicated. Comparing today's diplomacy with that of previous governments, I believe that you can't condemn it as a failure.' However, if the resolution is nothing more than a warning, I will remain silent."

On the 14th, I was to see Prince KONOYE. However, I called on Vice-Minister of the Navy YAMAMOTO (Vice-Admiral; later became Chief of Naval Operations and Commander-in-Chief of the Combined Fleet) before I saw KONOYE. The reason for this was that there were movements to push Admiral SUETSUGU for Premier of the next cabinet. KONOYE placed considerable confidence in Admiral SUETSUGU's judgment. He had found out what opinions he (SUETSUGU) told when Prince KONOYE and Admiral SUETSUGU had met.

SUETSUGU told KONOYE: "It is my desire to sign a secret pact with the United States, and by doing so to maintain peace in the Pacific. Looking at it from the standpoint of national finance, it is extremely disadvantageous to the country to have expenditure for national defense increase unlimitedly."

In regard to the plot originated by the Army in

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North China, SUETSUGU had stated: "The source of our difficulties in China lies in the plot originated by the Army." It was his opinion that: "The Army should immediately wash its hands of North China. Unless this is done, not only diplomacy with China, but relations with the United States and Great Britain will become aggravated."

I called on Vice-Minister of the Navy YAMAMOTO early in the morning at his official residence. I wanted to inquire about Admiral SUETSUGU's popularity within the Navy and about recent happenings. The Vice-Minister stated: "In certain respects one can place confidence in the ability of Admiral SUETSUGU. His opinions are not as unreasonable as those of Admiral KATO, Kanji. However, should he become the Minister of the Navy, I don't believe that he would be able to do much. It is unthinkable to consider him for the premiership. In any event, the Emperor does not place much confidence in him. His Highness, Fleet Admiral FUSHIMI (Chief of Naval Operations), also places very little confidence in him and states: 'I will not have SUETSUGU as my successor.' SUETSUGU isn't too desirable, in view of these circumstances.

"In regard to furnishing the premier from the Navy, it is the general desire of the Navy to decline the proposal. It may happen that a man like Admiral MAGANO will become a candidate for the post. In that event, it is my intention to tell him: 'For your health and also for the good of the Navy, I want you to decline.' As for Admiral OSUMI, he is out of the question." It seemed that the opinion expressed by the Vice-Minister of

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the Navy coincided with mine.

After the conference with YAMAMOTO I called on KONOIE at 9:30 and told him confidentially for his information, of the conversation I had had with Vice-Minister of the Navy YAMAMOTO.

On the evening of the 13th, at a certain gathering, I had dinner with Chief of the Investigation Bureau ISHIWATARI and with KISHI, who was formerly with the Ministry of Commerce and Industry and who had gone to Manchukuo recently. Their opinion was: "The problem in regard to the foreign exchange mechanism, particularly as regards the exchange draft and the policy unification organs, is being handled by Finance Minister BABA alone, and the Premier is ignorant of the situation. Even the Chief Secretary of the Cabinet is not informed on these matters. It seems that the Finance Minister is discharging most of the duties that should be performed by the Premier. These acts of the Finance Minister are outrageous. When we spoke to the Premier he stated that he was unaware of the existence of the important bill which resulted in the Exchange Control Law until it was introduced. This is unthinkable."

ISHIWATARI and KISHI further stated: "In regard to the Ministry of Commerce and Industry, the personnel appointed by former Vice-Minister of Commerce and Industry YOSHINO has been completely replaced. Minister of Commerce and Industry OGAWA accepts the proposals presented by Parliamentary Vice-Minister of Finance NAKASHIMA of the Minseito; TANAKA, Mitsugu (a member of the Diet from Hiroshima), and others. It seems as if the Ministry of Commerce and Industry has become a branch

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office of the Ministry of Finance. Capable men are too few in the Finance Ministry. Furthermore, there is almost no one who is acquainted with matters concerning exchange. The Finance Ministry is in a very embarrassing position."

I called on the Premier on the 14th and had a conversation with him. He stated: "Speculating on the import exchange draft, MITSUI purchased a considerable sum in dollars. It is said that MITSUI realized an immense profit. This is very offensive. FUJIWARA, Ginojiro (owner of a paper-mill), together with GO, Seinosuke and TSUGUROI, Keinosuke, plans to purchase a newspaper publishing firm and to carry out an attack against the Government when the Diet session is opened. By increasing the number of pages of his paper, FUJIWARA will force the Yomiuri, Nichi-Nichi, and other newspapers to increase to eight pages. Consequently, he will, on the one hand, sell more paper and realize a greater profit; and on the other hand, he will attack the Government with the intention of escaping government pressure which could be applied against capitalists through the taxation system required by the budget estimates. The above information was received from the Ministry of Home Affairs, and it is indeed very discouraging."

The Premier was gravely concerned with the problems. I told the Premier: "I really don't know how much truth there is in this story or where the Ministry of Home Affairs obtained this information. However, should the Government carry out its program knowing these facts, an unexpectedly dangerous dispute may arise."

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I returned home with the distressing thought that unless the Government gave serious consideration to these matters, something very dangerous would result.

On the same afternoon (14th), I called on the Lord Keeper of the Privy Seal at his official residence. He stated: "I have been deeply concerned over the question of the dissolution of the Diet. I have called on ICHIKI, former President of the Privy Council, MAKINO, former Lord Keeper of the Privy Seal, and OKADA, who was the last Premier, regarding this matter. It was their unanimous opinion that: 'In regard to the problems of the Army, the Army must settle its own problems.'

"Former Premier OKADA told me: 'There are groups that support MINAMI, UGAKI and SUETSUGU. In some respects, I believe that the policy pursued by UGAKI is somewhat risky. However, he is better qualified than MINAMI. Although SUETSUGU is interested in politics and follows it closely, don't you believe that he is a question mark?' "Former Lord Keeper of the Privy Seal MAKINO told me: 'I believe that UGAKI is the most logical candidate. However, if UGAKI is out, I believe HIRANUMA is my next choice although Prince SAIONJI may object to him for sentimental reasons.' Although ICHIKI didn't say much, he did ask: 'What about UGAKI?'

"A few days ago I met an individual who appeared to be a ronin, by the name of MURAKAMI. He stated: 'It seems that HIRANUMA is highly ambitious.'"

I spoke to the Lord Keeper of the Privy Seal about the conversations I had had with the Premier and returned home.

On the 16th, I met the Foreign Minister, who stated:

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"I heard that the section chiefs of the various sections of the Army and the Navy called on the section chiefs of the Foreign Ministry and suggested: 'Since diplomatic problems have been handled by the Foreign Ministry, the Ministry of War and the Ministry of the Navy, we should retaliate by taking resolute action if the political parties attack our foreign policies.'"

On the 17th I called on FUKAI, the President of the Bank of Japan, and congratulated him upon his Imperial appointment (to the House of Peers). During the course of the conversation President FUKAI stated: "Since the remark I am about to make is a very dangerous one, I don't want you to mention it to others. Looking at the present trend, we are headed for the situation which existed in 1918, when we had a rice riot. In 1918 commodities were exported abroad. Excessive exportation of commodities forced domestic prices to sky-rocket. As a result Japan had credit in foreign countries. Consequently, the foreign exchange rate was more favorable to Japan than at present. I am afraid that the existing condition is much worse than it was then. It is indeed a critical period when maintenance of a balanced national budget is utterly impossible. Inflation is the result of the demand being greater than productive capacity. Until now we have had ample productivity to meet the greater demand and we have been able, somehow, to meet it for the last three or four years. It is a very distressing phenomenon when supply is unable to keep up with demand. When this situation exists the rate of interest paid on money must be raised. (This unique phenomenon was the result of war industries which sprang

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up in Japan at that period.) Furthermore, it is impossible to purchase dollars. As long as the Exchange Control Law is in force, one cannot recklessly purchase dollars as was done previously. I am very worried but I can't say anything about such things at present. Therefore I am keeping silent. At a later date there will be no way out for me but to apologize for my ignorance."

The view held by the President of the Bank of Japan was very pessimistic. I told FUKAI: "Unless you advise the Finance Minister to keep supervision over the statements made by the Ministry of Home Affairs about the speculation by MITSUI in import exchange drafts and the actions of the zaibatsu an atmosphere will result in which an outburst of class war may be expected. You must give this matter very careful consideration." To this FUKAI replied: "Since I am not directly involved in political matters, it will be very difficult for me to say it. When you have an opportunity, I would like to have you advise him."

After leaving FUKAI, I called on former Premier OKADA, whom I hadn't seen for sometime, I had a conversation with him on various matters. He stated: "Regarding candidates for the next premiership the ability of MINAMI to perform his duty in an emergency is very doubtful. I cannot place confidence in him. As for Admiral SUE-TSUGU, he is a hopeless case. The man who is fairly well prepared and can handle the post is UGAKI."

He was gravely concerned and stated: "There are still remnants of the February 26th Incident within the Army. Since it seems that considerable danger still exists, I believe that the Genro (Prince SAIONJI) and

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others must take precautions. Although I believe that the Genro, in all likelihood, is safe, HIROTA, TERAUCHI, UZU, and ISOGAI are at the present in the most perilous spots. Unless the problems of the Army are settled, it is utterly impossible to do anything."

I met the Premier on the 18th and he stated: "There is considerable anti-Cabinet sentiment within the Minseito. It seems that President MACHIDA is having difficulty in controlling the Party. The anti-Cabinet sentiment within the Seiyukai is also very strong. When this Cabinet was formed, the understanding was that it would be supported by both parties. However, it seems that this is impossible. It is the contention of the Army that: 'Since it is clear to us that the entire atmosphere is anti-Cabinet, we should dissolve the Diet as quickly as possible.'

In other words, the Army is advocating the dissolution of the Diet at the outset. Some members of the Cabinet support this idea."

On my way home from the Premier's, I called on the Finance Minister, whom I hadn't seen for some time, at his official residence. He stated: "I am gravely concerned over the thought that at this Diet session the meeting may become disorderly again due to the advocacy of the principle of constitutional government by HAMADA and others and the response to this by the Minister of War. As for me, should the Diet question me on the principles of the tax system, it will be impossible for me to reply. It will utterly destroy my present plan. Regarding the problems of electric power control and the extension of compulsory education, I believe that

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there will be serious disputes. One can expect anything with the political parties exerting pressure to force the dissolution of the Cabinet. Not only that, but until now we have endeavored to carry on our administration in such a manner as to avoid a clash between the Army and the people. I am gravely concerned with the thought that this may occur at the Diet session. Since I am particularly distressed with the attitude of the War Minister I believe that it may be better if we dissolve the Diet at the outset. Everything will work out smoothly if we dissolve the Diet immediately after the speech by the Premier on administration, foreign policy, and financial policy are delivered to the Diet, and before the cabinet has committed any blunders." His opinion was the same as that of TERAUCHI.

After seeing the Finance Minister, I dropped in on the Foreign Minister at the Ministry. The Foreign Minister said: "Minister of Overseas Affairs NAGATA met the Premier. It seems that the War Minister had urged the Premier strongly on the subject of the dissolution of the Diet, and that he (Premier) was perplexed by the persuasion. The Minister of Overseas Affairs told him (Premier): 'It (the dissolution of the Diet) is not as simple as that.' I want you to bear this in your mind."